



County of Los Angeles CHIEF EXECUTIVE OFFICE

Kenneth Hahn Hall of Administration
500 West Temple Street, Room 713, Los Angeles, California 90012
(213) 974-1101
<http://ceo.lacounty.gov>

WILLIAM T FUJIOKA
Chief Executive Officer

June 25, 2013

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Second District

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Third District

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To: Supervisor Mark Ridley-Thomas, Chairman
Supervisor Gloria Molina
Supervisor Zev Yaroslavsky
Supervisor Don Knabe
Supervisor Michael D. Antonovich

From: William T Fujioka
Chief Executive Officer

A handwritten signature in black ink, appearing to be "W. T. Fujioka", written over a horizontal line.

WASHINGTON, D.C. UPDATE ON FEDERAL FISCAL YEAR 2014 APPROPRIATIONS

Executive Summary

This memorandum provides an update on appropriations for Federal Fiscal Year (FFY) 2014, which will begin on October 1, 2013.

- The Senate Appropriations Committee set 302(b) allocations (discretionary spending limits) for FFY 2014 that total \$1.058 trillion, which is \$16.0 billion more than the overall enacted FFY 2013 appropriations and \$91.0 billion above the House allocations.
- The Senate 302(b) allocations are significantly higher for the two appropriations bills through which the County annually receives most of its discretionary funding. The Senate allocation for FFY 2014 Labor/Health and Human Services (HHS)/Education appropriations is \$164.3 billion, which is \$42.5 billion above the House allocation and \$7.8 billion above the FFY 2013 appropriations level. The Senate allocation for FFY 2014 Transportation/Housing and Urban Development (HUD) is \$54.0 billion, which is \$9.9 billion above the House allocation and \$2.3 billion above the FFY 2013 appropriations level.

- A House Appropriations Subcommittee approved a FFY 2014 Transportation/HUD Appropriations Bill, which reduces overall appropriations by nearly 15 percent below the FFY 2013 appropriations level. The bill includes funding cuts for Community Development Block Grants (CDBG) from \$2.95 billion to \$1.64 billion, the HOME Investment Partnerships Program from \$1.0 billion to \$700.0 million, and the Public Housing Capital Fund from \$1.875 billion to \$1.500 billion in FFY 2014, and the elimination of Transportation Investment Generating Economic Recovery (TIGER) Grants.
- Another House Appropriations Subcommittee approved a FFY 2014 Energy and Water Development Appropriations Bill, which included \$4.9 billion for the Army Corps of Engineers, which is \$104.0 million below FFY 2013 appropriations.

Discretionary Spending Limit Allocations for FFY 2014

On June 20, 2013, the Senate Appropriations Committee approved, on a 15 to 14 party-line vote, discretionary spending limits [302(b) allocations] for FFY 2014 appropriations bills. Consistent with the Senate-passed FFY 2014 Budget Resolution, the Senate Committee approved an overall discretionary spending limit of \$1.058 trillion, which is \$16.0 billion more than overall enacted appropriations and also \$91.0 billion above the House 302(b) allocations. The difference between the Senate and House 302(b) allocations for FFY 2014 is especially large for the two appropriations bills through which the County annually receives most of its discretionary funding:

- The Senate 302(b) allocation for FFY 2014 Labor/Health and Human Services (HHS)/Education appropriations is \$164.3 billion, which is \$42.5 billion above the House allocation and \$7.8 billion above the FFY 2013 appropriations level; and
- The Senate allocation for FFY 2014 Transportation/Housing and Urban Development (HUD) appropriations is \$54.0 billion, which is \$9.9 billion above the House allocation and \$2.3 billion above the FFY 2013 appropriations level.

The Senate 302(b) allocations also are \$5.4 billion higher than the House allocations for Commerce/Justice/Science appropriations, \$4.3 billion higher for Energy and Water Development appropriations, and \$107 million higher for Homeland Security appropriations. The major differences between the Senate and House 302(b) allocations will result in very few, if any, of the 12 FFY 2014 appropriations bills being enacted before the start of the fiscal year. Therefore, it is virtually certain that a Continuing Resolution will be enacted in September 2013 to temporarily fund Federal programs and activities until full-year appropriations are enacted.

FFY 2014 Transportation/HUD Appropriations

On June 19, 2013, a House Appropriations Subcommittee approved a FFY 2014 Transportation/HUD Appropriations Bill, which reduces appropriations to \$44.1 billion - a nearly 15 percent reduction below enacted FFY 2013 appropriations. This included funding reductions for CDBG formula grants from \$2.95 billion to \$1.64 billion, HOME formula grants from \$1.0 billion to \$700.0 million, and the Public Housing Capital Fund from \$1.875 billion to \$1.500 billion in FFY 2014. The bill also includes a small reduction of Section 8 Tenant-Based Rental Assistance from \$18.94 billion to \$18.61 billion and a small increase in Project-Based Rental Assistance from \$9.34 billion to \$9.45 billion, funds, which are not expected to be sufficient to fully fund all current contracts.

The House Subcommittee also eliminated TIGER grants, which are competitive grants that fund road, bridge, transit, airport, and port infrastructure projects of national or regional significance. Since TIGER grants were established under the American Recovery and Reinvestment Act of 2009, \$3.1 billion in grants have been awarded to 218 projects. In addition to eliminating the program, the bill also rescinds \$237.0 million of the \$500.0 million appropriated for TIGER grants in FFY 2013.

The House Appropriations Committee is scheduled to mark up the FFY 2014 Transportation/HUD Appropriations Bill on June 26, 2013, while a Senate Appropriations Subcommittee is scheduled to mark up its version on June 25, 2013. Based on its higher 302(b) allocation, the Senate Appropriations Subcommittee will appropriate \$54.045 billion for Transportation/HUD - \$9.945 billion more than the House and \$2.347 billion more than the enacted FFY 2013 appropriations level. However, similar to the past three years, the Senate is unlikely to pass a FFY 2014 Transportation/HUD Appropriations Bill.

FFY 2014 Energy and Water Development Appropriations

On June 16, 2013, a House Appropriations Subcommittee approved a FFY 2014 Energy and Water Development Appropriations Bill, which reduces appropriations to \$30.4 billion - a 17.2 percent reduction below enacted FFY 2013 appropriations. The County currently does not receive any grant funding through this appropriations bill. However, it funds Army Corps of Engineers projects of County interest, including projects such as Marina del Rey Entrance Channel dredging and the Los Angeles County Drainage Area projects. The bill includes only a small \$104.0 million funding reduction for the Army Corps of Engineers to a level of \$4.9 billion.

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The House Appropriations Committee is scheduled to mark up the FFY 2014 Energy and Water Development Appropriations Bill on June 26, 2013 while a Senate Appropriations Subcommittee is scheduled to mark up its version on June 25, 2013. The Senate Appropriations Subcommittee will appropriate \$34.773 billion in its version, which is \$4.347 billion more than the House, but \$1.962 billion less than the enacted FFY 2013 appropriations level.

We will continue to keep you advised.

WTF:RA
MR:MT:ma

c: All Department Heads
Legislative Strategist